

# FY 2007-08 BUDGET

## BUDGET SECTION SUMMARY

Section Title:

SOUTH PARK COUNTY SANITATION DISTRICT

### A. Program Description

This budget finances administration of a collection system and pumping stations which serve the South Park area. Raw sewage is transported to the City of Santa Rosa for treatment and disposal. Treatment and disposal are covered by an agreement between the two entities

### B. Financial Summary

Section	GROSS EXPENDITURES			NET COST/USE OF FUND BALANCE		
	FY 06-07 Adopted	FY 07-08 Requested	Percent Change	FY 06-07 Adopted	FY 07-08 Requested	Percent Change
Operations	\$4,398,599	\$3,862,008	(12.20%)	\$1,637,903	\$992,602	(39.40%)
Revenue Bonds	\$160,580	\$157,968	(1.63%)	(\$99,113)	(\$135,238)	36.45%
Construction	2,296,500	1,900,000	(17.27%)	365,500	790,875	116.38%
<b>TOTAL:</b>	<b>\$6,855,679</b>	<b>\$5,919,976</b>	<b>(13.65%)</b>	<b>\$1,904,290</b>	<b>\$1,648,239</b>	<b>(13.45%)</b>

### C. Staffing Summary

No staffing is allocated to this index.

### D. Workload Summary

Workload Indicator	FY 05-06 Actual	FY 06-07 Budget Estimate	FY 06-07 Revised Estimate	FY 07-08 Projected	Change from FY 06-07 Budget Estimate
TOTAL ESDs	3,980	3,926	3,980	3,987	1.55%
TOTAL APNs	2,229	2,237	2,229	2,230	(0.31%)

### E. Summary of Issues and Significant Change:

The requested rate per ESD for FY 07-08 annual service charges is \$726, representing a 3.0% increase from FY 06-07. Annual sewer service charge revenue, adjusted for the anticipated number of ESDs and an estimated delinquency factor, is projected to increase from the FY 06-07 budget. This revenue change is due to the rate increase.

The South Park CSD provides service to the South Park area using a gravity collection system and lift station at Todd Road. Wastewater from South Park CSD is treated and disposed of by the City of Santa Rosa at the Laguna Subregional Treatment Plant on Llano Road. In July of 1996, the City of Santa Rosa accepted responsibility for the operation and routine maintenance of the collection system.

An agreement for transfer of responsibility to the City of Santa Rosa of collection system operation and maintenance, and subsequent dissolution of the South Park CSD, was finalized in February of 1996 and amended. This agreement includes a provision that the South Park CSD will be dissolved and transferred to the City of Santa Rosa no later than June 30, 2011. The agreement also requires the South Park CSD to replace, s line, or repair 41,610 feet of the collection system and upgrade the Todd Road lift station before transfer of the South Park CSD to the City of Santa Rosa.

South Park CSD has or is planning to replace four sections of the collection system between FY 06-07 and FY 10 11. Projects identified include: Moorland Avenue Phase II and Biwana Lane. The collection system projects identified above, along with previously completed projects or projects currently underway, will fulfill South Park CSD's responsibilities as required in the dissolution agreement with the City of Santa Rosa. The South Park CSD issued \$3.1 million in revenue bonds in FY 00-01 to enable it to meet its capital replacement obligations along with the HVOC remediation costs explained below.

On December 22, 1998 the NCRWQCB released a draft Cleanup and Abatement Order (CAO) for halogenated volatile organic compounds (HVOCs) found in soil and groundwater in the vicinity of Sebastopol Road and West Avenue in the South Park CSD service area. The draft CAO specified that HVOCs found in the soil and groundwater are the result of the discharge of these chemicals from dry cleaning operations into the South Park CSD collection system. The draft CAO further specifies that the HVOCs subsequently leaked from the collection system to adjacent soil and groundwater. Potential costs for investigation, remediation, and legal work related to the draft CAO are substantial (\$2-10 million). In FY 99-00, South Park CSD received a \$500,000 loan from the County of Sonoma General Fund to assist in the first phase of the Plan of Action for HVOC Investigation and Mitigation which South Park CSD has repaid as of FY 04-05. The South Park CSD, County of Sonoma, and the NCRWQCB continue to work cooperatively to deal with this issue.

**F. Summary of Reduction Options**

No reduction options are proposed.

**G. Attachments**

- Summary of Revenues and Expenditures
- Character Justification
- Statement of Special Fund Activity

# FY 2007-08 BUDGET

## SUMMARY OF REVENUES AND EXPENDITURES

**Section Title:** SOUTH PARK CSD - OPERATIONS

**Section/Index No:** 654103

Sub-Object No. and Title	Adopted 2006-07	Requested 2007-08	Difference	Percent Change
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**REVENUES:**

**TAXES**

1001 Flat Charges - CY	\$2,619,216	\$2,739,750	\$120,534	4.60%
1061 Flat Charges - PY	50,000	50,000	0	0.00%
1120 Penalties / Costs on Taxes	10,000	10,000	0	0.00%
<b>Subtotal Taxes</b>	<b>\$2,679,216</b>	<b>\$2,799,750</b>	<b>\$120,534</b>	<b>4.50%</b>

**USE OF MONEY**

1700 Interest on Pooled Cash	\$32,000	\$19,000	(\$13,000)	(40.63%)
<b>Subtotal Use of Money</b>	<b>\$32,000</b>	<b>\$19,000</b>	<b>(\$13,000)</b>	<b>(40.63%)</b>

**CHARGES FOR SERVICES**

3400 Sanitation Services	\$39,480	\$40,656	\$1,176	2.98%
<b>Subtotal Charges for Services</b>	<b>\$39,480</b>	<b>\$40,656</b>	<b>\$1,176</b>	<b>2.98%</b>

**MISCELLANEOUS REVENUE**

4115 Santa Rosa Rebate	\$10,000	\$10,000	\$0	0.00%
<b>Subtotal Miscellaneous Revenue</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$0</b>	<b>0.00%</b>

<b>TOTAL REVENUES</b>	<b>\$2,760,696</b>	<b>\$2,869,406</b>	<b>\$108,710</b>	<b>3.94%</b>
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**EXPENDITURES:**

**SERVICES AND SUPPLIES**

6522 District Services	\$50,000	\$0	(\$50,000)	(100.00%)
6523 District Operations	0	40,000	40,000	N/A
6540 Contract Services	425,406	361,636	(63,770)	(14.99%)
6570 Consultant Services	100,000	100,000	0	0.00%
6573 Administration Costs	23,000	23,700	700	3.04%
6610 Legal Services	25,000	15,000	(10,000)	(40.00%)
6629 Fiscal Accounting Services	0	34,000	34,000	N/A
6630 Audit / Accounting Services	3,000	2,300	(700)	(23.33%)
7000 Special Departmental Expense	180,000	180,000	0	0.00%
7206 Equipment Usage Charge	0	1,000	1,000	N/A
7320 Utilities	2,500	2,500	0	0.00%
<b>Subtotal Services and Supplies</b>	<b>\$808,906</b>	<b>\$760,136</b>	<b>(\$48,770)</b>	<b>(6.03%)</b>

Sub-Object No. and Title	Adopted 2006-07	Requested 2007-08	Difference	Percent Change
<b><u>OTHER CHARGES</u></b>				
7961 Sewer Capacity Rights	\$1,300,000	\$1,451,791	\$151,791	11.68%
7980 Depreciation	160,000	200,000	40,000	25.00%
<b><i>Subtotal Other Charges</i></b>	<b>\$1,460,000</b>	<b>\$1,651,791</b>	<b>\$191,791</b>	<b>13.14%</b>
<b><u>OTHER FINANCING USES</u></b>				
8625 OT - W/in Special Dist - BOS	\$2,029,693	\$1,350,081	(\$679,612)	(33.48%)
<b><i>Subtotal Other Financing Uses</i></b>	<b>\$2,029,693</b>	<b>\$1,350,081</b>	<b>(\$679,612)</b>	<b>(33.48%)</b>
<b><u>APPROPRIATIONS FOR CONT</u></b>				
9000 Approp for Contingencies	\$100,000	\$100,000	\$0	0.00%
<b><i>Subtotal Approp for Contingencies</i></b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$0</b>	<b>0.00%</b>
<b>TOTAL EXPENDITURES</b>	<b>\$4,398,599</b>	<b>\$3,862,008</b>	<b>(\$536,591)</b>	<b>(12.20%)</b>
<b>TOTAL NET COST</b> <i>(Expenditures Minus Revenues)</i>	<b>\$1,637,903</b>	<b>\$992,602</b>	<b>(\$645,301)</b>	<b>(39.40%)</b>

## FY 2007-08 BUDGET

### CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: South Park CSD - Operations

Character Title: Taxes

Character No.: 654103-10

#### 1001 Flat Charges - CY

Flat charge revenue from annual service charges is expected to increase from the adopted FY 06-07 budget. The rate will increase 3.0%, from \$705 to \$726.

ESDs times annual rate:	3,931 x \$726	\$2,853,906
Less Estimated Delinquency Factor:	4%	(114,156)
		<hr/> \$2,739,750

(See SubObject 3400 for Total ESDs)

#### 1061 Flat Charges - PY

This item records the estimated delinquent amount of prior years sewer service charges.

#### 1120 Penalties/Costs on Taxes

This item records penalties paid on delinquent sewer service charges.

Character Title: Use of Money

Character No.: 654103-17

#### 1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$400,000
Projected Interest Rate	<hr/> 4.75%
Projected/Planned Interest on Pooled Cash	\$19,000

Character Title: Charges for Services

Character No.: 654103-30

#### 3400 Sanitation Services

This account records annual sewer service charges for entities that are invoiced, rather than collected as flat charges on the tax roll, and for new hook-ups as they occur during the year. The Sanitation Rate Ordinance requires that charges be collected at the time permits are issued. The properties are then added to the tax roll master listing and collected through sub-object 1001, Flat Charges, in the following year.

Based on projected FY 07-08 ESDs, the District will experience an increase in revenue from invoiced entities.

ESDs x Annual Charge	56 x \$726	=	\$40,656
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**4115 Santa Rosa Rebate**

This account records the annual rebate received from the City of Santa Rosa in accordance with the City of Santa Rosa's Subregional Agreement. The rebate amount is the adjustment between projected and actual costs for operation and maintenance of the Subregional Wastewater System.

**6522 District Services**

This account number will not be used for FY 07-08 see Sub-Object 6523.

**6523 District Operations**

This account is used primarily to record staff time associated with maintaining the sanitation master user listing for the District, as well as management and administrative time associated with negotiating and administering agreements with the City. This new account number is being set-up to isolate internal labor activities.

**6540 Contract Services**

This account records the cost of collection system maintenance paid to the City of Santa Rosa.

**6570 Consultant Services**

This account will record the cost of required consultant services related to the HVOC issue. These costs are related to negotiations with the Regional Board and evaluating work done by other parties in order to protect the District's interest.

**6573 Administration Costs**

This account represents the 3% administration fee assessed by the County for processing collection of flat charges on the tax roll

**6610 Legal Services**

This item is requested to provide funds for the estimated cost of legal services to be provided by County Couns or outside legal services, as required.

**6629 Fiscal Accounting Services**

This item records the direct charge for services provided by the Fiscal Services Section of the County Auditor Controller's Office for staff costs attributed to District's accounting.

**6630 Audit / Accounting Service**

This account represents the cost of accounting and audit services provided by an outside certified public accounting service.

**7000 Special Departmental Expense**

These costs are for legal counsel to provide legal advice and assistance in advancing a regional solution to the Roseland Area HVOC plume investigation and remediation, as well as management and administrative time associated with the groundwater clean-up efforts.

**7206 Equipment Usage Charges**

This item is requested to provide funds for equipment usage.

**7320 Utilities**

This account records the cost of certain utility bills that the District is still obligated to pay.

**Character Title: Other Charges**

**Character No.: 654103-75**

**7961 Sewer Capacity Rights**

South Park CSD participates with the cities of Santa Rosa, Rohnert Park, Cotati and Sebastopol in the Santa Rosa Subregional Sewage System. Santa Rosa provides the treatment for raw sewage for the other participating entities. This payment, required by agreement, is South Park's share (based on capacity needs) of the cost of operations and improvements to the subregional facilities and the bonds used to finance them. Prior to the annexation of the Roseland area of South Park by the City of Santa Rosa, the South Park CSD's sewer capacity charge was based on a capacity in the Subregional Wastewater Treatment Plant of 700,000 gallons per day.

**7980 Depreciation**

Generally Accepted Accounting Principles require that depreciation be expensed each year.

**Character Title: Other Financing Uses**

**Character No.: 654103-86**

**8625 OT - W/in Special Dist - BOS**

This account reflects the transfer of cash from the Operations Fund to the 2000 Revenue Bond Fund necessary to satisfy the annual debt service payment on the bonds (\$267,081). The amount to be transferred is determined from the debt service schedule for the bonds. In addition, there will be a transfer of cash to the Construction Fund (\$1,083,000) to finance capital projects.

**Character Title: Appropriations for Contingencies**

**Character No.: 654103-90**

**9000 Appropriations for Contingencies**

This account provides funding for unanticipated expenditures or revenue shortfalls.

**FY 2007-08 BUDGET**  
**STATEMENT OF SPECIAL FUND ACTIVITY**

**Department:** Sonoma County Water Agency - Sanitation

**Section:** South Park CSD - Operations

**Index No.:** 654103

DESCRIPTION OF FUND ACTIVITY	Actual FY 05-06	Estimated FY 06-07	Requested FY 07-08
<b>Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings Available for Budgeting</b> (See Detailed Components Below)	<b>\$2,041,829</b>	<b>\$2,783,016</b>	<b>\$1,229,033</b>
<b>Annual Revenues and Expenditures:</b>			
Revenues - Increase retained earnings	2,903,306	2,853,421	2,869,406
Expenditures - (Decrease) retained earnings	(\$2,318,663)	(4,592,664)	(3,862,008)
<b>Net Surplus or Deficit - Inc/(Dec) to retained earnings</b>	<b>584,643</b>	<b>(1,739,243)</b>	<b>(992,602)</b>
<b>Adjustments to Reserves/Encumbrances:</b>			
7980 Depreciation	147,315	185,260	200,000
Change in Encumbrances	9,229	-	-
<b>Net Adjustment - Increase/(Decrease) to Retained Earnings</b>	<b>156,544</b>	<b>185,260</b>	<b>200,000</b>
<b>Undesignated/Unreserved <u>ENDING</u> Retained Earnings Available for Budgeting</b>	<b>\$2,783,016</b>	<b>\$1,229,033</b>	<b>\$436,431</b>
<b>Total Increase/(Decrease) in Retained Earnings for Fiscal Year</b> (Difference between Beginning and Ending Balance)	<b>\$741,187</b>	<b>(\$1,553,983)</b>	<b>(\$792,602)</b>
<b><u>Retained Earnings Components at Beginning of FY</u></b>	<b><u>7/1/05</u></b>	<b><u>7/1/06</u></b>	
Cash	\$2,060,790	\$2,812,563	
Other Receivables	183,015	154,726	
Due to Other Funds	-	-	
Vouchers Payable	(11,223)	(2,749)	
Encumbrances	(190,753)	(181,524)	
<b>Total Beginning Retained Earnings</b>	<b>\$2,041,829</b>	<b>\$2,783,016</b>	